Contracts in the Technology Transfer Chain

WIPO – Conference
2012 Vienna

Dr. Lorenz Kaiser
Division Director Legal Affairs and Contracts
Fraunhofer Headquarters Munich
Sky light sky bright – in the office

Working under the open sky – it sounds enticing, but it’s seldom really a practical option.

Now, a dynamic luminous ceiling brings the sky into office spaces by creating the effect of passing clouds. This kind of lighting generates a pleasant working environment.
A sound Agreement starts before the Agreement
Know-how Protection in the Preparation Phase

Naive trust in the confidentiality obligation of the partner
Missing factual control mechanisms of own Know-how
Unprotected exchange of Know-how in the preparation phase
The Use of Non Disclosure Agreements for Damage Compensation in Case of Breach of confidentiality??

- Most Legal Systems do not compensate the real loss in case of breach of confidentiality.
- Disadvantage in competition cannot be figured out
- No legislation about this question available (at least not in Germany)

Consequence

Find additional effective technical protection of your IP esp. protect electronic data against espionage
Essential Measures for Know-how Protection

**Technical:**
- Control [electronic data](#), separate internal server recommended with [reduced access to sensitive data](#)
- Remove [Mobiles](#) and [Memory Sticks](#) out of the meetings
- Install a [person responsible for Know-how protection](#)

**Legal:**
- Confidentiality Agreements with [satisfactory rules](#)
- Check rules of [labour contracts](#) about confidentiality clauses, also "for the time after"
- IP - Professionals for Contract-Negotiations
- Check, observe and complete [patent portefolio](#)
Impact of IP in Different Forms of Cooperation

Internal IP Management and Licensing
The IP success story
Time Lag - Track Record MP3

Development of the Audio-Coding at Fraunhofer IIS in Erlangen

- since 1981 Field of Research at the University of Erlangen
- since 1987 Audio-Coding at Fraunhofer IIS
- 1992 MPEG-1 Layer 3 becomes international standard
- July 14th, 1995 the name "MP3" is defined
- 1997 starts MP3 Internet Boom
- 1997 MP3 successor MPEG-2 AAC becomes international standard
- 2000 Federal President awards the "Future-Prize" to the inventors of MP3
- 2004-2007: licencing venues on highest level
- 2013: basic patent protection will elapse

Inventors of MP3, 1987
A specific Portfolio-Technique tries to help to identify patent utilization Opportunities of Fraunhofer institutes

**Patent-Cluster**

Cluster-Patents protect inventions
- targeting a common product spectrum
- based on the same technology / approach

**Potential = market opportunities:**
Cannot be influenced by the institute

**Patent Quality:** Can be influenced by the institute

![Diagram showing Patent Portfolio with potential and patent quality dimensions]
Licensing Problem: The Development Gap

In most sectors, companies will only license fully developed technologies this especially true in:

- engineering
- electronics
- physical sciences

> patent protection phase is 20 years

Life Science is an exception. Projects start later; Less time for exploitation caused by longer development and clinical test series

> patent protection phase can be prolonged to 25 years
Conductor paths for marvelous light

Organic light-emitting diodes are seen as the basis for a new generation of lamps: Large-area lamps that can be randomly shaped and flexibly integrated into interior design. But the “illuminated glass” is still very expensive.

Researchers want to optimize the lamps of the future and reduce the price by a new manufacturing process.
Impact of IP in Different Forms of Cooperation

Contracting (vertical and horizontal cooperation)
Forms of Cooperation in a Research and Technology Organization (RTO) as Knowledge Hub
Rights on the Results

Contract Research Strategies:

Europe: different - mostly total transfer (see EU guidelines 2008)
US: Universities grant regularly non exclusive license (Bay Dohle Act)
Asia: Different situation. Similar to Europe
Success and Failure close together
The Different Applications of Service-Robots

Entertainment / Info / Guidance  Housekeeping  Windowcleaning  Floorcleaning
Hospital  Guarding  Maintenance and Inspection  Manufacturing  Inspection of chemical facilities
A robot with finger-tip sensitivity

Two arms, three cameras, finger-tip sensitivity and a variety of facial expressions – these are the distinguishing features of the pi4-workerbot. Similar in size to a human being, it can be employed at any modern workstation in an industrial manufacturing environment.

Its purpose is to help keep European production competitive.
The Infringment Problem in R&D Contracts

**Client:** guarantee for no conflicting rights in the commercialisation phase

**R&D Performer:** No guarantee, but hold harmless against third party claims
Collaborative Research

Funding

- University
- Industry
- Research Org./ Institute

1) Corporate Law matters
2) Funding Conditions
3) EU-antitrust law applies
Collaborative Research
IMEC-model - Best Practice

In brief

Challenges of Strategic Alliances and Joint Ventures in R&D
Alliances or »Joint Ventures« in R&D

**Negotiations about**
- IP Pools - question of costs
- joint ownership - how to exploit
- industry exploitation - sharing the revenues
- joint development and/or exploitation company

**Legal problems**
- EU - Competition law "cross subzidation"
- Non for profit - Status of PRO's
- Virtuelbinding models: EIT, JTI, with different exploitation schemes
- Balancing the interests of stakeholders is often extremely difficult
University Cooperation Model:
»Annex-Institut« (Research Institute associated with a University)
IP-Scheme »Annex-Institute«

excellent basis for creating joint IP competence, Research and industry cooperation under the roof of the university

IP-schemes enable direct transfer
Annex-Institute is directly involved in creating and exploiting IP
Transfer of IP through brains, university staff may be hired by company
Neighbour institutes have chance to increase knowledge base
Cooperation Model »Spin In«

Research Institute

Cooperation
Licensing
Joint Development

Subsidiary or Branch lab:
Development or Production (small series)

Company
IP-Scheme »Spin In«

Rental-models do not influence the IP-rules directly.
Additional cooperation schemes determine the IP-rules.

- IP-access on preferential conditions
- Discussions about IP-Property
Cooperation Model: Joint Platform Science / Industry
(compare JTI -system of the EU)

Research Alliance 3

Industry Investment of xx Mio €

Institute Investment IP and lab capacity value xx Mio €

Institute Laboratory

Using Proportion

Industry i.e. 80 %

Institute i.e. 20 %

Terms and Conditions of Rental Agreement meet market Conditions
Joint use of resources and mutual "learning by doing": no exclusive transfer of institute's competence!

**Strong impact of competition law**
Contracts in the Technology Transfer Chain

2012 - Vienna
Dr. Lorenz Kaiser
Division Director Legal Affairs and Contracts
Fraunhofer Headquarters Munich